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ABM Terms of Payment Policy – Machine Sales

Dear Sir/Madam:

We welcome your interest in purchasing an American Broach machine, and feel very confident that you will be satisfied with your decision. In fact, American Broach has designed, built, and delivered 5,988 broaching and broach cutting tool grinding machines as of April 1st, 2009. No other company in the world can match this achievement. In addition to over 90 years experience, it is in our company mission statement to serve you well, and we intend and promise to do that.

Standard Terms for Machine Sales = 50% with order, 50% with approval for shipping:

American Broach & Machine Company, Inc. is normally flexible in an effort to meet customer required/requested terms of payment. Historic customers with good payment history will find us even more flexible inside the constraint of prudence. In all cases, customer are responsible for all incurred costs in the event of an order cancellation for any reason (see standard terms and conditions). While we appreciate your need to protect your companies best interest within the scope of payment/purchasing terms, please respect that we must do the same. We can not accept terms with undue risk of cancellation and no cost recovery.

Payment: Timing:

It is our policy to collect a minimum of 90% of the P.O. price before the machine is loaded on a truck for shipping from our factory floor. This is **required** by our bank in the case of all international shipments. The language in any concerning L/C must state "payment upon presentation of buyer authorization to ship." This authorization should be based on pre-shipment inspection approval (see ABM pre-shipment engineering approval policy).

Final Payment:

The final payment (normally 10%), is due and payable upon successful setup and runoff of the machine in the customer facility, or 60 days after shipment from our plant floor, which ever comes first. 1-1/2% late penalty charges apply. If this payment is withheld for any reason, American Broach reserves the right to withhold warranty support until payment is received. **American Broach takes this very seriously**, we must collect the final payment in a timely manner. Your satisfaction is our business, but business pressures dictate that this rule be strictly adhered to and the late penalty apply to all situations. Your understanding on this is appreciated. American Broach will not be responsible for any loss of anticipated profits or consequential damages in any case.

Warranty Clock:

The Warranty clock starts the day the machine is received at customer/buyer shipping dock. This is necessary, because many of the components use to build your machine have 1 year warranty which starts at that time by agreement with the component manufacturers. In addition to this, we find that many times machines are not runoff immediately upon receipt by our customers for reasons beyond our control, making this policy necessary in order to establish a date that is defined.

We look forward to earning your satisfaction, and shortly after the installation will be sending you a satisfaction survey, with a request for your recommendation for improvements. We will request in advance that when you receive the survey, you help us with your suggestions and unabridged appraisal of our performance and your satisfaction.

Very truly yours,
Ken Nemec, President

* **Any deviation to the above policy must be in writing and refer to this policy, detailing the revised terms and the reason for the deviation. This document must be signed and sealed by an authorized American Broach Employee.**